



**Budget Approval and Adoption
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 7
AGENDA DATE: Thu 11/04/2004
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SUBJECT: Approve a resolution adopting the East Sixth Street Public Improvement District (PID) Service Plan and Budget for 2005.

AMOUNT & SOURCE OF FUNDING: The City Council approved a preliminary 2005 budget for the PID in the amount of \$125,304. Revenue in the amount of \$129,304 will supply the \$125,304 budget plus a \$4,000 reserve. Funding in the amount of \$43,500 is included in Austin Energy's Fiscal Year 2004-2005 Approved Operating Budget as part of the City of Austin's (Austin Energy) annual contribution. \$37,231 is anticipated in 2005 assessments (at a 96% collection rate). \$48,573 will be provided by donations raised by the management contractor. \$4,000 will be retained as a reserve fund to cover revenue adjustments to the assessment roll.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Economic Growth and **DIRECTOR'S**
DEPARTMENT: Redevelopment Services **AUTHORIZATION:** Sue Edwards

FOR MORE INFORMATION CONTACT: Michael Knox, Downtown Officer / 974-6415; David Lloyd, Attorney / 974-2918

PRIOR COUNCIL ACTION: Authorized the East Sixth Street PID on August 26, 2004.

BOARD AND COMMISSION ACTION: N/A

This action will approve the proposed East Sixth Street Public Improvement District Service Plan and Budget for 2005. The proposed 2005 Assessment roll is based on the proposed Service Plan. State law requires Council approval of the Service Plan and Budget.

Total projected revenue is \$129,304 and total PID proposed budget is \$125,304. The balance of \$4,000 is a reserve for revenue adjustments to the assessment roll. These estimates are based on the appraisal roll from TCAD as of August 15, 2004. Adjustments to the roll may be required based on new information from TCAD and Council action as a result of the December 2, 2004 public hearing. Approval of the proposed PID budget and the ordinance adopting an assessment rate and proposed assessment roll are the first steps in the annual process of approving PID assessments.

East Greenwich Fire District
Available Fund Estimate
First FIDFY 2006

2005	Assessments	"	38,782	96.00%	\$37,231
2005	City Contribution				43,500
2005	To be earned by FID management from donations and fund raising events				<u>48,573</u>
Total Estimated Available Funds					\$129,304

East 6th Street Public Improvement District (PID) Service Plan

Introduction

Over the years there have been numerous attempts to turn Sixth Street around. Various initiatives were attempted with little lasting impact. In 2002, many property owners came together as a group to address the issues confronting E. Sixth Street.

Looking strategically, the group felt it imperative to conduct research on the District, engaging a consultant who could provide analysis of similar districts throughout the country. Mitch Nichols, of Nichols Gilstrap Inc., was hired and he presented his findings in March 2003. In the final analysis, it was concluded that E. Sixth Street was not meeting its potential. The study noted that if two-thirds of the available space on E. Sixth Street achieved sales volumes comparable to other strongly performing districts around the country, more than \$150 million in annual sales could be generated within this single historic district.

With the findings of the study, additional research and site visits to Dallas and other entertainment districts, the creation of a strategic approach was undertaken. The informal property owners group felt the only way to turn things around on E. Sixth Street was to form an association and create a public improvement district for the area.

The Pecan Street Owners Association (PSOA), a 501 (c)(6) organization, was officially formed in 2004. The owners association has created a vision and mission, an action plan, and has successfully received petitions calling for a public improvement district from 59% of parcel owners, representing 89% of valuation. Realizing the PID will only raise approximately \$38,000 annually, the PSOA has set out to raising the additional \$87,000 for a total of \$125,000 it will take to effectively run the PID. Within three years, the group will be self-sufficient with a strategic funding initiative in place.

The mission/vision statement of the PSOA is as follows:

The vision of Sixth Street is to make this National Register Historic District a source of pride to the Austin community by:

- Creating a vibrant mixed-use district, where diverse offerings are a strong asset appreciated by both locals and visitors alike;
- Making Sixth Street an important economic and cultural asset to the community for present and future generations; and
- Advocating for the preservation and enhancement of the district's unique historic character.

Service Plan

In this document, the Pecan Street Owners Association proposes a Five-Year Service Plan and Budget for the management of the East Sixth Street Public Improvement

District (PID). The year one (FY 2004-2005) PID fund budget will total \$125,000 of which \$81,500 is based on the projected assessment revenues as well as a City of Austin contribution. The remainder will be funded through outside funding (donations).

Outside Funding

The Pecan Street Owners Association (PSOA) proposes that the E. Sixth Street PID management contractor raise an additional \$43,500 annually from private sources. Currently, the PSOA has raised an additional \$31,000, committed for the next three years from the following sources:

DAA	\$20,000
Driskill Hotel	\$5,000
Hilton Hotel	\$5,000
<u>Littlefield/Scarborough</u>	<u>\$1,000</u>
Total	\$31,000

Additional funding is currently being raised.

FY 2005 Budget

		PID Assessment + City Contribution	PID Assessment, City Contribution + Outside Funding
City/Public Order/Safety	20%	\$16,300	\$25,061
Communications/Membership	15%	\$12,225	\$18,796
Physical Improvements	15%	\$12,225	\$18,796
Marketing/Public Relations	20%	\$16,300	\$25,061
Historic Preservation/Accentuation	15%	\$12,225	\$18,796
Administration	15%	\$12,225	\$18,796
Total Expenses	100%	\$81,500	\$125,304

Year two and year three budgets propose the same funding sources and levels.

Funding After the First Three Years

In years four and five additional revenue will be raised through sponsorships and events, to offset the elimination of the City of Austin contribution after year three.

To fund E. 6th St. PID initiatives, the Pecan Street Owners Association will raise \$90,000+ annually after year three. The organization is committed to raising this amount annually from events, sponsorships and donations/memberships. A strategic plan for funding will be in place by the end of the first year of operation. It will be a combination of event fund-raising as well as corporate partnerships/sponsorships. Memberships and donations will also be a continued source of funding. Entertainment

districts around the country have capitalized on sponsorships for raising additional dollars for operational and marketing budgets. E. Sixth Street will explore all avenues to raise the necessary dollars for continued operation. As an example, the West End Association in Dallas raises \$450,000 annually from special events and sponsorships. The Gaslamp Quarter raises 34% of their annual budget from special events and another 24% from other revenues such as dues and sponsorships.

PERFORMANCE MILESTONES

Performance of the organization may be measured by the accomplishment of specific milestones, which will be negotiated with the management agreement.

Administration

- Hire an executive director
- MBE/WBE requirements
- Set-up accounting policies and procedures
- Create strategic plan for future fund-raising

Communications/Membership

- Create/set-up the organization's database with TCAD information, property owner information, etc.
- Create a communications strategy developing effective ways to communicate with the membership, owners and other stakeholders.

City of Austin/Public Safety/Order

- Create a working group to develop an action plan for addressing public safety/order issues in the district.
- Work with the City of Austin to create a working group to identify problems with development, enhancement, accessibility, transportation and other related issues to E. Sixth Street.

Physical Improvements

- Create a strategy and plan for physical improvements in the district.

Marketing/Public Relations/Strategic Partnerships

- Create a marketing plan and implementation strategy for the district.
- Create a financial strategy for self-sufficiency within three years.

Historic Preservation/Accentuation

- Create a working document that sets the vision for the interpretation and enhancement of the historic district.

PROGRAM DESCRIPTIONS

1. City of Austin/Public Order/Safety - 20%

The E. Sixth Street PID management contractor will work directly with the City to create

a working group to begin to identify the issues and barriers facing E. Sixth Street. A working plan will be created with ways to solve/mitigate issues. The E. Sixth Street PID management contractor will also work directly with the DAA, the APD and others to address the issues of public safety, order and evening management of the street.

2. Communications/Membership - 15%

Design effective database and management system of property information. Create public membership opportunities. Develop effective communications to members, stakeholders and others through email, phone, fax and mail.

3. Physical Improvements - 15%

Create a strategy and a plan for physical improvements in the district such as signage, sidewalks, entryways, etc.

4. Marketing/Public Relations/Strategic Partnerships - 20%

Create a marketing plan and public relations strategy for the district. Develop relationship with real estate broker and developer community. Work with existing tenants providing education opportunities and expansion options. Create financial strategy for self-sufficiency in three years. Create strategic partnerships with private sector for promotional and funding opportunities.

5. Historic Preservation/Accentuation - 15%

Create a strong working group to develop this area from the historic preservation community, tourism, the museum, art groups, etc. Develop a working document that sets the vision for the interpretation and enhancement of the historic district.

Summary

The management contractor will solely be responsible for the on-going fund-raising, ensuring that the Service Plan objectives are met throughout the 5-year Service Plan agreement.

The PSOA has proposed an E. Sixth Street Public Improvement District as a way of professionally managing an area of downtown Austin that continues to be wrought with an array of problems. The area is well branded and with the focused effort proposed in this service plan, E. Sixth Street will become a vibrant mixed-use district that is a source of pride for the community once again.

RESOLUTION NO. 04

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
AUSTIN:**

The East Sixth Street Public Improvement District Service Plan and
Budget for 2005, attached as Exhibit "A" are hereby approved.

ADOPTED: _____, 2004

ATTEST: _____

Shirley A. Brown
City Clerk